WTO's Renewed Attack on Food Sovereignty

by Sonny Africa

Contents

Staff Box

Writer
Sonny Africa (IBON Foundation Inc.)

Editor-in-chief
Sarojeni Rengam (PAN AP)

Editor and Project Coordinator
Gilbert Sape (PAN AP)

Production Staff
Teh Chun Hong (PAN AP)

Lay-out and Cover Design
Dennis Longid (Red Leaf Designs)

Cover Photo:
Gilbert Sape (PAN AP)

World Trade Organization (WTO) Director General Pascal Lamy spent the first few months of 2007 travelling the globe and working to manoeuvre a conclusion to the current Doha round of multilateral world trade talks. At the core of the deadlock in talks is a refusal by the big Northern powers – particularly the United States (US) and European Union (EU) – to substantially reduce their support and protections for their domestic agricultural sectors while compelling the global South to more fully open up their agricultural, industrial and service sectors to Northern goods and capital. Governments of the weaker Southern powers are hoping to preserve as much control over domestic sectors as they can. However while these include the big underdeveloped countries of Brazil and India, the "free market" agenda that the WTO embodies has already essentially been embraced and this is a defensive battle at best.

The WTO talks are now at a crucial stage and particularly threaten Southern agriculture and food sovereignty. The WTO Agreement on Agriculture (AoA) reached at the end of the Uruguay Round has already gone far in opening up and destroying domestic agriculture sectors in its decade of implementation. The AoA being renegotiated during the current Doha Round, resumed in early 2007, aims to bring this destructive process even further forward. The Chair of the WTO's agriculture negotiations, Ambassador Crawford Falconer of New Zealand, provided a paper in late April purportedly aimed at moving the agriculture talks forward. Its proposals however merely affirmed, once again, that the direction of the WTO's AoA is towards the only kind of deal acceptable to the big Northern powers: one that benefits them at the expense of the already impoverished rural producers of the South.

The Doha Development Agenda (DDA): Destroying Third World agriculture

The WTO's neoliberal agenda is justified to the Third World with the argument that unfettered "free market" forces are indispensable to developing backward agricultural and industrial sectors. The economically and politically weak Third World countries are moreover told that the AoA's rules – and indeed the WTO's agreements in general – will place them on equal footing with the big powers where disciplines and other existing rules are enforced equally for all. The competitive impulse and a level playing field, it is argued, are keys to their development.

Yet the reality is that the WTO's AoA deliberately destroys Third World rural livelihoods and food systems to be able to create profitable opportunities for Northern agri-business corporations. Third World agriculture is prevented from developing by denying them vital policy interventions of trade barriers (i.e. tariff and non-tariff) and of state support. At the same time, the AoA surreptitiously leaves First World farming with its built-up advantages and they retain the experience and technologies in agricultural production that they have accumulated over decades. And where these are not in themselves enough to retain market dominance, they manoeuvre to preserve trade protections and massive state support.

The social, economic and cultural impact of disrupted and destroyed agricultural systems in predominantly rural societies in the South is deep and far-reaching.

Decades of eroding Third World agriculture

Big state-supported corporate agri-business interests based largely in the North have steadily increased their control over backward agricultural systems in recent decades. They have manoeuvred to dominate Third World agriculture in many ways and often in collaboration with Southern rural and commercial elites. The pattern has been well established particularly since the late 1970s: open up backward agricultural markets and dismantle already feeble state support mechanisms by invoking the "free market", while preserving or even increasing protections and subsidies on the home front.

In the post-war era, retreating colonial powers ensured that their influence over their erstwhile colonies remained in place first through bilateral trade pacts and then through various other bilateral mechanisms such as foreign aid and economic advisory programs. It was with the stabilisation programmes of the International Monetary Fund (IMF) and the structural adjustment programmes of the World Bank (WB), however, that agricultural liberalisation spread most quickly across the globe. Countries' financial vulnerabilities following the severe 1980s debt crisis were fully exploited and their already weak agricultural sectors, among others, were subjected to wave upon wave of market-oriented policies. This included slashing state agricultural subsidies to the point that by the WTO and its AoA in the mid-1990s, there were little such Third World agricultural subsidy schemes still in place. Northern governments had used the IMF and WB to open and expand sources of profit for their agricultural producers and agro-chemical corporations. All this was at the expense of destitute peasants and backward agriculture in the South.

The WTO's AoA is however distinctive as a brazen attempt by Northern governments to enshrine, on an unparalleled global scale, distorted rules that give the greatest freedom for Northern corporate agri-business profiteering. The WTO's agreements aim most of all to overcome the last remaining Southern barriers to the free flow of all trade and investment from Northern TNCs. This is aside from also consolidating or otherwise creating new mechanisms for control such as over intellectual property rights regimes and through so-called dispute settlement mechanisms.

State of play on agricultural proposals

The WTO's AoA has three components: market access, domestic support and export subsidies.

Taken as a whole the agreement basically obliges member countries to reduce agricultural tariffs (including preventing them from increasing tariffs in the future), convert non-tariff barriers into tariffs (also for subsequent reduction), remove quantitative restrictions, and reduce domestic support and export subsidies. Notwithstanding nuances in extent and pacing depending on a country's level of development, the overall thrust is of progressive agricultural sector liberalisation.

The past decade or so of AoA implementation has already exposed its severe inequities. The big Northern powers have been able to maintain high tariffs on those products they deemed most important to protect – such as US sugar and peanuts, European beef and wheat, Japanese wheat and barley, and Canadian butter and cheese. They have also either maintained or even increased their huge farm subsidies with the Organization for Economic Cooperation and Development (OECD) countries for instance still giving some US$280 billion in agricultural support in 2004.[1] They did not reduce their export subsidies. The Southern countries, on the other hand, for whom agriculture is such an important part of their economic social systems have dutifully complied. Tariff and non-tariff barriers were progressively dismantled and so-called "minimum access volumes", or required levels of imports, imposed. Subsidies were a virtual non-issue from already having been reduced through decades of IMF-WB conditionalities. All this while supposed "special and differential treatment" (SDT) for backward economies have fundamentally failed to materialise.

The most contentious issues in the on-going Doha Round talks on the AoA pertain to the market access and domestic support components whose grossly inequitable terms are biased against the South. The inequities in these two components are even such as to greatly overshadow any assumed progress from the elimination of Northern export subsidies by 2013 which was announced during the Sixth WTO Ministerial in Hong Kong in December 2005l; this is in any case an unjustifiably long time away considering that they should be eliminated immediately for having already persisted for so long. The controversial issue is that the US and EU are out to preserve their massive advantage in domestic agricultural supports while demanding far-reaching tariff cuts from the Third World.

The most clear-cut inequity is in the area of domestic support where the US and EU, in particular, both give enormous subsidies to their farmers not just despite the AoA but actually because of this. The AoA has been crafted in a way as to allow them to maintain their huge support by working their way around technical definitions of agricultural subsidies.

The WTO categorises subsidies as either "trade-distorting" or "non-trade-distorting" subsidies. The trade-distorting subsidies (TDS) are further divided into three types: Amber Box (subsidies linked to agricultural prices and thus considered the most trade-distorting; also called the Aggregate Measure of Support or AMS), Blue Box (direct payments linked to setting production limits and thus less trade-distorting than price-linked subsidies) and *de minimis* (a minimal amount of subsidies calculated as a percentage of the value of total agricultural production). Under the Uruguay Round AoA, WTO members committed to set maximum levels for these supports as well as to take steps to reduce them by 2000, with further reductions to be renegotiated in the next round of talks (which is the current Doha Round). The developed countries committed to reduce their Amber Box subsidies by 20% six years into the AoA and to limit their *de minimis* support to 5% of the value of agricultural production; developing countries in turn were obliged to reduce Amber Box subsidies by 13% ten years into the AoA and to limit their corresponding *de minimis* support to 10 percent. No limits were set for the Blue Box.

On the other hand, the supposedly "non-trade-distorting" subsidies – also called Green Box subsidies – have no limits on them and can be increased to any amount. These include such subsidies as "decoupled" income support payments, for research and extension programs, and others. However an UNCTAD team in India has recently argued that while these subsidies are technically not linked to prices or production levels (i.e. are "decoupled") they are still effectively subsidies to agricultural producers and influence production decisions – i.e. are indeed "production-distorting and trade-distorting".[2] It concluded that these subsidies significantly reduce the cost of production in Northern countries such as the EU (17% less), US (15%), Switzerland (31%), Canada (16%) and Japan (24%).[3] Thus, removing Northern Green Box subsidies would cause them to suffer major declines in agricultural production and exports with for instance: decreases in production for the EU (US$53.8 billion decrease), US (US$20.9 billion) and Canada (US$8.1 billion) and in agricultural exports for the US (39% decrease), EU (45%), Canada (46%), Japan (66%) and Switzerland (78%).[4]

The total amount of domestic support can be taken as the sum of trade-distorting and non-trade-distorting subsidies. In 2001, the last year in which the US notified to the WTO, it gave US$72.1 billion in total domestic support to its agricultural producers while the EU in turn gave €87.2 billion to its producers. (**See Table 1**) This is in stark contrast to the levels of support that even the biggest Third World countries – whose economies and populations are far more dependent on agriculture – are able to give their farmers. For instance, in 1998, Brazil was only able to give US$466 million in domestic support and India only US$173 million.[5]

In the current round of AoA negotiations, the G-20 group of Third World agricultural exporters – led by India and Brazil – is calling on the US to cut its allowed trade-distorting subsidies (TDS) on agriculture to US$12.0 billion and on the EU to €27.0 billion. The EU is meanwhile asking the US to cut its allowed TDS to US$15.0 billion.

However the US and EU are manoeuvring to either exploit existing AoA technicalities or otherwise create new ones that will enable them to continue their farm supports. In effect they are moving *actual* subsidies from the Amber Box (which have to be cut most drastically) to the Blue Box (no cuts) and *de minimis* (with maximum allowed limits). They are also abusing loose definitions and criteria for Green Box subsidies (which have no limits). At the same time they distract from these by announcing seemingly generous cuts in *allowed* TDS which are at high enough levels to be cut "drastically" without really affecting the *actual* magnitude of subsidies that are being given or are planned to be given – specifically by the US in its proposed Farm Bill and by the EU with its proposed "reform" of the Common Agricultural Policy or CAP.

In October 2005, in the run-up to the December Hong Kong Ministerial, the US offered to cut its

Table 1: United States (US) and European Union (EU) Domestic Support

	US (US$ billion)			EU (€ billion)			
	Currently allowed by WTO	Actual (2001)	Offered levels on allowed (Oct-05)	Currently allowed by WTO	Actual (2001)	Offered levels on allowed (Oct-05)	Actual with CAP reform (2008)
Amber Box	19.1	14.4	7.6	67.2	43.7	20.2	18.8
Blue Box	9.3	0	5.0	23.7	23.7	12.3	7.0
De minimis	19.8	7.0	10.0	19.0	1.0	3.8	1.0
SUB-TOTAL Trade-distorting support (TDS)	48.2	21.4	22.7	110.0	68.4	36.3	26.8
Demands on allowed TDS	15.0 (EU), 12.0 (G-20)			27.0 (G-20)			
Green Box	n.a.	50.7	n.a.	n.a.	18.8*	n.a.	n.a.
TOTAL DOMESTIC SUPPORT	-	72.1	-	-	87.2	-	-

** Converted from US$20.962 billion using exchange rate of US$1:€0.896*
Sources: Khor, M. (2006), "The WTO's Doha Negotiations and Impasse: A Development Perspective" except for Green Box data taken from UNCTAD-India Team (2007), "Green Box Subsidies: A Theoretical and Empirical Assessment"

allowed TDS by: reducing the Amber Box subsidies by 60% to US$7.6 billion, limiting the Blue Box to 2.5% of agricultural production value or equivalent to US$5.0 billion, and limiting *de minimis* to 5% of production value or US$10 billion. This translates into cutting the total allowed TDS from the previous US$48.2 billion to US$22.7 billion, or by what seems a generous 53 percent. However, the reduced allowed level is still higher than the *actual* TDS of US$21.4 billion in 2001 and of an estimated US$19.7 billion in 2005 – meaning that the declared reductions and limits do not really affect the actual subsidies being given and indeed would even permit further increases of anywhere from US$1 billion to 3 billion (depending on whether the 2001 or estimated 2005 levels are used as a base figure).[6]

Also worth highlighting is how the offered reduction in Amber Box subsidies from 2001 levels was more than compensated for by increases in Blue Box and *de minimis* support. The US has in fact been working to change Blue Box subsidy definitions and criteria to further support this kind of "box-shifting". US belligerence on its October 2005 offer was rejected during the G-6 meetings in mid-2006 – particularly by the EU, Australia, Brazil and India – which precipitated the collapse of talks and the "suspension" of the Doha round. The EU scored what it said were still high US subsidies, while the US responded that EU and G-20 market access offers were too little.

It is moreover suspected that the current US Farm Bill being considered merely compensates for about US$10 billion in apparent reductions in TDS over five (5) years with additional Green Box support. Among the proposed US agricultural supports that would likely be argued as Green Box programmes include US$7.8 billion in additional "conservation funding", US$1.6 billion in "ethanol fuel research", US$5 billion for fruits and vegetables purchases for "school meals and other food assistance programs" and, possibly, US$4.2 billion in so-called "counter-cyclical payments" just in 2006.[7] In 2001, the bulk of US Green Box support fell under the heading of "domestic food aid," including the Food Stamp Program (US$19.1 billion) and child nutrition programs (US$9.56 billion).[8] In short, the US is set on retaining high levels of domestic support to its politically-sensitive farm sector through stealthily provided subsidies.

The EU in turn offered, also in October 2005, to cut its *allowed* TDS by: reducing the Amber Box subsidies by 70% to €20.2 billion, limiting the Blue Box to 5.0% of agricultural production value or equivalent to €12.3 billion, and cutting *de minimis* support by 80% to €3.8 billion. These would cut the total allowed TDS from the previous €110.0 billion to €36.3 billion, or by a very large 67 percent. But while this reduced allowed TDS level is lower than the actual TDS level given in 2001, it is really higher still by €9.5 billion than the support proposed under the CAP "reform" which amounts to €26.8 billion in 2008. The EU has also made a subsequent commitment to lower total allowed TDS by 70 percent or to €33.0 billion; even if so, this would still be €6.2 billion higher than the support under the CAP "reform".

Like the US, the EU is also suspected to be compensating cuts in TDS with additional Green Box support in its CAP "reform". Green Box subsidies as a percentage of total domestic support have increased only marginally from 21% in 1995 to 25% in 2001 but, with the CAP reforms, the EU will apparently be able to shift about 75% of its subsidies from the Blue Box to the Green Box.[9]

The matter of these very large Northern subsidies – especially as being underhandedly shifted to the Green Box category which is not subject to reductions – is a blatant inequity especially considering the sheer inability of Southern governments to provide anything even remotely close to their own producers. It is for instance estimated that Green Box subsidies constitute 50.4% of total domestic support of Northern countries with, in 2001, the US, EU and Japan providing US$96 billion in such support.[10]

The AoA's inequities in market access, in turn, are less straightforward but they will likewise be grossly detrimental to Third World agriculture. Tariff measures are also particularly significant for being more possible and workable to implement than resource-intensive subsidies which are too expensive for resource-scarce Southern countries. Hence the critical G-33 group demand for special products (SP) and special safeguard mechanisms (SSM) that gives their backward agricultural producers a level of protection towards defending food security, farm livelihoods and rural development. Key players in the G-33 group of 46 countries include its coordinator Indonesia and, to some extent, the Philippines.

The current emerging framework on market access is severely lopsided against Third World agriculture. The current proposed scheme is different from the Uruguay Round AoA in two ways, both of which mean more drastic cuts in Third World agricultural tariffs. The first difference is that tariff lines will be grouped into bands or tariff ranges; there will probably be three or four bands even as the specific range of tariffs in each band is still undetermined. The tariffs are grouped into bands so that a tiered formula for tariff cuts can be applied where larger cuts are made on tariffs in the higher bands. The second difference is that the formula cuts Southern tariffs line-by-line as opposed to the Uruguay Round method where tariffs were cut by an overall average (24%) subject only to a minimum 10% reduction in any one product. The Uruguay Round scheme had allowed for high tariffs to be maintained on particular products as long as there were more than compensatory cuts in other, perhaps less critical, products.

The interest of agricultural exporting countries, as far as their farm exporters are concerned, is for the greatest cuts in tariffs. Conversely, countries with politically- or socially-sensitive farm sectors are more defensive and want more moderate cuts. (**See Table 2**) The US proposed a formula that cuts First World (1W) tariffs by 55-90% – with an average 66% cut for the EU – while Third World (3W) tariffs will have "slightly lesser reduction commitments and longer phase-in periods".[11] The EU proposed an average tariff cut of about 39% in 2005 (60% cut in high tariff lines and 35% cut in low tariff lines) – reportedly changed to an average of 51% in mid-2006 – while also proposing to have 8% of 1W tariff lines designated as "sensitive products" which can have lower tariff cuts. The EU had also previously proposed a cap of 100% on 1W agricultural tariffs and 150% on the 3W's. The G-20 proposals in turn are for at least a 54% cut in average 1W tariffs and a maximum 36% cut in 3W tariffs; 3W members were proposed to cut 2/3 less than the cut undertaken by 1W members.

The G-33 position essentially accepts the liberalisation thrust although it asks, as a defensive measure, that Southern countries be allowed to designate 20% of their tariff lines as "special products" (SP) exempted from tariff cuts and that they be allowed to use "special safeguard measures" (SSM) of temporarily increased tariffs in case of undue surges in imports.[12] The G-33 proposes that self-designated SP products not be subjected to tariff reductions or, if so, to a much lower cuts. (A list of indicators for the selection of SPs was recently approved by the G-

Table 2: US, EU, G-20 and G-33 Proposals on Market Access

	US	EU	G-20	G-33
Number of tariff bands	4 bands, same tariff range for 1W and 3W	4 bands (1W), 5 bands (3W)	4 bands each for 1W and 3W but different tariff ranges	-
First World (1W) tariff cuts	Average 55-90%(EU average 66%)	Up to 60% in top band (EU average 51%)	Average 45-75% (EU average 54%)	-
Third World (3W)tariff cuts	"slightly lesser reduction commitments" than 1W	Up to 60% in top band	Average 25-40%	-
1W sensitive products	-	8% of lines	"very limited"	-
3W special products	5 tariff lines	-	"integral element"	20% of tariff lines

Sources: USTR (2005), "U.S. Proposal – WTO Agriculture Negotiations", October 2005; "Statement of EU conditional negotiating proposals – with explanatory annotations", MEMO/05/357, October 10, 2005; and "G-20 Proposal on Market Access", October 12, 2005. Except proposals for EU average tariffs taken from Das, B. L. (2006), "The WTO: What Next", October 6, 2006.

33 in its ministerial meeting in Jakarta, Indonesia in March.) It also proposes that underdeveloped countries be allowed to use SSMs in case of as yet unspecified increases in import volumes or falls in import prices that would compromise local production. In the past the G-33 had also asked that underdeveloped countries cut tariffs less than the developed countries to take into account the former's different tariff structures and agricultural needs.

For individual Third World countries the proposed SP coverage is generally equivalent to some 300 tariff lines. The Philippines for instance has 1,407 agricultural tariff lines – with a relatively low, by Third World standards, 9.2% trade-weighted average tariff[13] – and 20% SP coverage lets it exempt some 281 tariff lines from whatever tariff cuts the renegotiated AoA would otherwise oblige. The US counter-proposal made in 2006 is however that SPs be restricted to only five (5) tariff lines. For the Philippines, this means SP coverage of not even two-fifths of one percent (0.36%). The US is also apparently out to render the SSM ineffective by proposing stringent criteria and unwieldy processes for its use.

The SP/SSM matter is emerging as a critical issue in the WTO. For many of the predominantly agrarian G-33 countries, SP/SSM mechanisms are the last remaining defense they have against destructive cheap imports from abroad and they are made all the more critical given the persistence of gross Northern farm subsidies. Indeed it is precisely because of this that, in the larger context of overall WTO talks, the SP/SSM matter may even be used as a leverage by the US and EU to extract more severe trade and investment liberalisation commitments in the other WTO agreements (i.e. NAMA, GATS, TRIPS) which will result in their own specific damage to other sectors and working people of the underdeveloped economies.

US agricultural interests

The US is the single most important player in the WTO and this is evident not just in how its Congressional fast-track authority has been setting the pace of WTO talks in the last one or two years but also by how *all* previous multilateral trade talks have needed its approval – from the still-born post-war International Trade Organization (ITO) to the Uruguay Round which gave birth to the WTO. It is then useful to look at where its specific agricultural interests lie.

The US gives the overwhelming share of its commodity-specific subsidies to just five crops: corn (annual average of US$4.5 billion in commodity-specific payments over the period 1996-2005), cotton (US$2.5 billion), wheat (US$2.3 billion), soybeans (US$1.5 billion) and rice (US$990 million).[14] Subsidies to these five crops account for some 88% of all such payments and take up a large part of the crops' respective cash receipts: rice (subsidies account for 72% of cash receipts), cotton (58%), wheat (34%), corn (25%) and soybeans (10%).[15] The crops would be unviable without these subsidies and their market revenues (i.e. revenues without subsidies) are unable to cover the total costs of production. Their respective market revenues as a share of unit costs are: soybeans (91%), corn (85%), rice (70%), cotton (63%) and wheat (61%).[16]

These most heavily subsidized commodities are also the US's biggest agricultural exports, and indeed take up a large proportion of global exports. The US produces 40% of the world's corn and accounts for 61% of global exports, produces 38% of the world's soybeans and accounts for 44% of global exports, produces 20% of the world's cotton and accounts for 40% of global exports, produces 9% of the world's wheat but accounts for 25% of global exports, and produces just 2% of the world's rice but accounts for 13% of global exports.[17] US subsidies in this handful of key crops are thus used to support their share in global export markets and, correspondingly, also support the profits of the big agri-business TNCs directly involved. It has already been found that, in 2001, market prices were 23% below the cost of production for corn, 48% for wheat, 32% for soybean, 52% for cotton, and 45% for rice.[18] To be sure, the US agriculture secretary already reported early this year that US farm exports have continued to inexorably increase annually to a record US$68.7 billion in 2006 with expectations for some US$77 billion in 2007.

These crops are then also where the US does not want to see SPs or SSMs declared. As it is, poor rural producers in scores of Southern countries are adversely affected in these specific crops: corn farmers not just in the whole of Latin America but also as far away as in Algeria and the Philippines; rice farmers in Latin America to Southeast Asia, especially Indonesia and the Philippines; wheat farmers in Bolivia and Kenya to Korea and China.

Yet in protecting its relatively narrow range of profitable agricultural exports the US is not only disrupting Third World production of these particular crops but, by extension through market access terms that thoroughly open up backward sectors, virtually the entire range of farm products. Third World producers will be facing not only competition from subsidized US crops but also, in other product lines, from other countries who are able to export more cheaply because of huge government subsidies or on the basis of more greatly exploited farmers and farm workers (where Third World rural elites or TNC agri-businesses lower payments to peasants to be able to export more cheaply).

Third World agriculture with the Doha Round AoA

Mainstream economists and analysts have constructed arguments justifying the WTO and its supposed "free market" model, on one hand, and vilifying deliberate Third World state support for agriculture, on the other. Yet these "arguments" deliberately misspecify the importance of agricultural systems to the Third World and downplaying the impact on rural livelihoods in the context of backward economies with little room for alternative livelihoods. They also misspecify actual trade relationships and the grossly inequitable nature of world agricultural markets.

The World Bank, among others, stands as an unqualified supporter of Northern agri-business interests at the expense of poor Southern rural producers. It said for instance that, "Abolition of tariffs, subsidies and domestic support programs would boost global welfare by nearly US$300 billion per year by 2015."[19] In particular, the WB downplayed the need to reduce Northern subsidies while stressing the supposed benefits of Southern tariff cuts: "Within agriculture, market access barriers are the key. Deep reductions in agricultural tariffs would deliver 12 times the gains that would be achieved by abolishing export subsidies and trade-distorting domestic support to agriculture."[20] It even argued that "If just two percent of agricultural tariff lines in developed countries (and four percent in developing countries) are classified as 'sensitive' or 'special', and thereby subject to only a 15-percent tariff cut, the welfare gains to developing countries from global agricultural reform would virtually disappear."[21] More recently, the WB released a study disparaging SP/SSM as unduly raising the prices of agricultural commodities, thereby making them more inaccessible for the rural poor and increasing poverty.

The AoA currently being negotiated is flawed and is going to worsen the severe damage that it has already wrought in the last dozen years, or since it began to be implemented in 1995. It has undermined the livelihood of hundreds of millions of farmers worldwide even as it has benefited a handful of grain trading and agri-business TNCs. The dismantling of Southern tariff protections, including under WB structural adjustment programs, has resulted in widespread dumping in Southern markets that has disrupted agricultural employment, depressed farm incomes and heightened rural poverty.

At a very aggregate level, the sad reality of hunger in the post-AoA era has been noted even by the Food and Agriculture Organization (FAO). In the foreword to its 2006 State of Food Insecurity in the World it concedes: "[V]irtually no progress has been made [since 1996] towards [halving the number of undernourished people in the world]" where the number of undernourished people in the South "declined" only by an amount "within the bounds of statistical error" (i.e. a meagre three million). It estimates 854 million undernourished people worldwide: 820 million in the underdeveloped countries, 25 million in the so-called transition countries and 9 million in the industrialised countries. The report also acknowledges that: "Some 70 percent of the poor in developing countries live in rural areas and depend on agriculture for their livelihoods, either directly or indirectly. In the poorest of countries, agricultural growth is the driving force of the rural economy. Particularly in the most food-insecure countries, agriculture is crucial for income and employment generation. Combating hunger requires an expanded commitment to agriculture and rural development."

And yet instead there has been the liberalisation of agricultural markets in the last decade through the AoA, and about to be deepened further with the current version under negotiation. This has dramatically worsened food security across the globe with drops in farm output and employment, at the same time as imports and poverty have increased.

In South Asia, some 20-40% of national output and 45-75% of employment are in agriculture, while anywhere from 30 to over 50% of the rural population are officially poor (using low poverty thresholds). These are also countries with limited real opportunities in non-agricultural sectors, altogether resulting in widespread poverty and malnutrition. Comparing the 1990-1994 pre-WTO period with the 1999-2002 post-WTO period, agricultural trade balances have been worsening in the region: Bangladesh's agricultural trade deficit increased almost threefold from US$535 million to US$1.5 billion; Nepal's deficit increased from US$92 million to US$136 million; Pakistan's deficit increased from US$448 million to US$747 million; and India's surplus fell from US$1.8 billion to US$1.4 billion.[22] As a result the aggregate dependence on food imports in the region increased anywhere from 25% (Sri Lanka) to as much as four-fold (India).[23] By the 1999-2002 period, food requirements met by imports were: India (3.8% imported); Nepal (4.9%); Pakistan (7.5%); Bangladesh (17.9%); and Sri Lanka (43.2%).[24] Moreover, agricultural growth rates sharp decelerated especially in Bangladesh, India and Sri Lanka.[25]

In Southeast Asia, nearly two-thirds of the poor live in rural areas with the overwhelming majority of them dependent on agriculture and agriculture-related activities for incomes, livelihoods and employment. The Philippines, arguably the region's most advanced agricultural sector liberaliser in having the lowest such tariffs, is a cautionary tale. Domestic food production has been falling and it is more dependent than ever on imported food. Comparing the period 1991-1995 with the period 2001-2003: the annual volume of rice imports increased ten-fold (increased by 916%), corn five-fold (427%), vegetables tripled (215%), root crops quintupled (305%), sugar and other sweeteners doubled (100%), pork thirty-four-fold (3,300%), poultry twenty-fold (1,900%), beef almost tripled (169%), and fish by more than 49 percent.[26] As a result, its average annual agricultural trade surplus of US$52.9 million in 1990-1994 turned into an annual deficit of US$1,135 million in 2000-2004. It was the world's largest rice importer in 2005, importing 1.9 million metric tons. The dumping of cheap agricultural products has taken away the livelihoods of tens of thousands of peasants, and the share of agriculture in total employment is in decline.

Some 64% of the total population in Sub-Saharan Africa directly derives their livelihoods from agriculture – the highest for any region in the world. Although some 60% of the total number of the undernourished people is in Asia and the Pacific, the 33% of the population in Sub-Saharan Africa who are undernourished give it the highest incidence of undernourishment in the world. As it is the FAO finds that "Sub-Saharan Africa remains the region where food insecurity is the largest in the world. The absolute number of people suffering chronic under-nutrition has increased by about 22%, from 169 million in 1990-92 to 206 million in 2001-03."[27] The West African agricultural trade balance for instance has gone from a surplus of US$297 million in 1995 to a deficit of US$315 million in 2004, with agricultural imports increasing from US$3.7 billion to US$6.8 billion.

The Doha Round AoA will result in an even more inequitable and distorted global agricultural system especially destructive for Third World rural producers. Northern countries will be maintaining their considerable monopoly advantages, especially through continued massive farm subsidies, even as they will get ever greater access to Southern agricultural markets. This will mean the intensified dumping of Northern farm goods at heavily subsidised low prices which will result in the continued deterioration of Southern food production, loss of farm livelihoods, collapse of rural incomes and greater rural underdevelopment.

Conclusion

In the realm of what is just and fair, Third World rural development will mean trade agreements – whether multilateral like the WTO's AoA or smaller-scale FTAs – that allow Southern governments to wield agricultural trade policies in a way that gives them control over the process. This means for instance the removal of trade barriers and state support for agriculture at a pace that is most beneficial for rural producers and the general population. This also means asserting the central role of state-supported and state-led development as historically and, indeed, currently practiced by the now developed countries. On the other hand, the built-up and state-backed monopoly advantages of the First World will be actively pulled back.

Such is the only thing that would come near to being considered a "development mandate" in any real sense of the term. In contrast, entering into the WTO's central scheme of progressive agricultural liberalisation is a sure path to Third World agricultural disaster. If the WTO's AoA is really going to be about agricultural development and remove this "free market" thrust then seeking selective exceptions would be beside the point and irrelevant. Indeed these exceptions will be piecemeal, at best, and even then probably only temporary until they are eventually negotiated away. On the other hand, if the AoA retains its "free market" thrust then in truth no amount of selective exceptions will ever be enough.

The reality is of heavy-handed manoeuvring inside and outside the WTO by the main big Northern powers, especially the US and EU, with particularly severe implications for backward agriculture sectors globally. Aggressive market access is sought in the South while still providing huge Northern domestic support, albeit concealed with much-hyped diversionary reductions in the technically trade-distorting kind. At the end of the day it appears that the likes of the US, EU and Japan will abuse technically WTO-allowed subsidies (i.e. Green Box) on the shrewd calculation that they will in any case be legally, institutionally and politically able to fend off any possible attacks from the South. The challenge to social movements and to any genuinely representative Third World governments is to struggle for food sovereignty as well as ensure that none of these come to pass.

Abbreviation and Definition of Terms

AoA – Agreement on Agriculture
CAP – Common Agriculture Policy
DDA – Doha Development Agenda
EU – European Union
FAO – Food and Agriculture Organization
FTA – Free Trade Agreement
GATS - General Agreement on Trade in Services
IMF – International Monetary Fund
ITO – International Trade Organisation
NAMA – Non Agriculture Market Access
OECD – Organization for Economic Cooperation and Development
SDT – Special and Differential Treatment
SP – Special Products
SSM – Special Safeguard Mechanism
TDS – Trade Distorting Subsidies
TNCs – Transnational Corporations
TRIPS – Agreement on Trade Related aspects of Intellectual Property Rights
WB – World Bank
WTO – World Trade Organization
UNCTAD - United Nations Conference on Trade and Development
G20 – The G-20 is a group of developing countries established on 20 August 2003, in the final stages of the preparations for the V Ministerial Conference of the WTO, held in Cancun, from 10 to 14 September 2003. Its focus is on agriculture, the central issue of the Doha Development Agenda. The Group has a wide and balanced geographical representation, being currently integrated by 21-member countries: 5 from Africa (Egypt, Nigeria, South Africa, Tanzania and Zimbabwe), 6 from Asia (China, India, Indonesia, Pakistan, Philippines and Thailand) and 10 from Latin America (Argentina, Bolivia, Brazil, Chile, Cuba, Guatemala, Mexico, Paraguay, Uruguay and Venezuela).

G33 - The Group of 33 (comprising 42 countries, mainly developing countries, which are concerned about food security, livelihood security and rural development needs) countries: Antigua and Barbuda, Barbados, Belize, Benin, Botswana, China, Congo, Cote d'Ivoire, Cuba, Dominican Republic, Grenada, Guyana, Haiti, Honduras, India, Indonesia, Jamaica, Kenya, Republic of Korea, Madagascar, Mauritius, Mongolia, Mozambique, Nicaragua, Nigeria, Pakistan, Panama, Peru, Philippines, Saint Kits and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Senegal, Sri Lanka, Suriname, Tanzania, Trinidad and Tobago, Turkey, Uganda, Venezuela, Zambia and Zimbabwe."

Endnotes

1 United Nations Conference on Trade and Development (UNCTAD, 2006), "Export Opportunities for Developing Countries" in Changes and Trends in the External Environment for Development.

2 UNCTAD-India Team (2007), "Green Box Subsidies: A Theoretical and Empirical Assessment", On-going trade research project jointly hosted by the Indian Commerce Ministry, UNCTAD and the United Kingdom's Department for International Development (DfID) cited in Khor, M. (2007), "UNCTAD paper reveals distortions of Green Box subsidies", January 25, 2007.

3 Ibid.

4 Ibid.

5 Soren, F., Jensen, K., Lind, P., Melgaard, P. and Yu, W. (2003), "Note on the Harbinson Draft on Modalities in the WTO Agriculture Negotiations" cited in ActionAid (2003), "The WTO Agreement on Agriculture".

6 Khor, M. (2006), "The WTO's Doha Negotiations and Impasse: A Development Perspective".

7 Agricultural support data from Pruzin, D. (2007), "G-20 Criticizes U.S. Farm Bill Proposal, Calls for Doha Agriculture Deal by Summer", BNA No. 25, February 7, 2007. Counter-cyclical payments – first introduced under the 2002 US Farm Bill and not yet notified as belonging to any particular WTO category – are given to specified commodity producers whenever world prices fall below pre-determined thresholds.

8 Ibid.

9 UNCTAD-India Team, op. cit.

10 UNCTAD-India Team, op. cit.

11 United States Trade Representative (USTR, 2005), "U.S. Proposal – WTO Agriculture Negotiations", October 2005.

12 Proponents of "special products" (SP) do not intend to have these pre-determined and specified in the AoA. The basic proposal is rather for the AoA to stipulate the indicators which can then be used by individual countries to identifying what these SPs will be (or cannot be) in each of their cases. For example a particular product can be considered an SP according to how important it is for domestic consumption, how much of total agricultural production it accounts for, and how much it contributes to the nutrition of the population (with the relevant percentages to be specified and themselves the subject of negotiations); many other indicators have also been proposed. Hence in some countries this may mean rice, in others corn, in others wheat, and so on. "Special safeguard measures" (SSM) on the other hand refer to the temporary raising of tariffs whenever domestic agricultural products are threatened by imports. The first thing to decide is what products the AoA will deem eligible for such SSMs; one proposal is that all agricultural products be considered eligible). Then the "triggers" for when these SSMs are used also need to be defined – for instance when the volume of imports rises beyond a certain level or when prices fall below a certain level (with the relevant levels to be specified and themselves the subject of negotiations). Other details include how high the tariff increase will be, for how long, and whether there any exceptions.

13 Trade-weighted tariffs are tariffs actually paid and collected relative to actual imports – as opposed to nominal tariffs which are tariffs that are intended to be collected but, for various reasons, may not actually be paid in their entirety.

14 Schnepf, R. and Womach, J. (2006), "Potential Challenges to U.S. Farm Subsidies in the WTO", Congressional Research Service Report for Congress, RL33697, October 25, 2006.

15 Ibid.

16 Ibid.

17 Ibid.

18 UNCTAD-India Team, op. cit.

19 World Bank (2006), Press Release on the WB study "Agricultural Trade Reform and the Doha Agenda" available online at http://www.worldbank.org/trade/wto, Press Release No:2006/147/DEC, November 9, 2005.

20 Ibid.

21 Ibid.

22 Chand, R. (2006), "International Trade, Food Security and the Response to the WTO in South Asian Countries", UNU-WIDER Research Paper No. 2006/124, October 2006.

23 Ibid.

24 Ibid.

25 Ibid.

26 IBON computations on FAOSTAT data.

27 Food and Agriculture Organization (2006), "Mid-term review of achieving the world food summit target", Committee on World Food Security, EO, November 4, 2006.